

SANATANA RESOURCES INC.

Management's Discussion and Analysis

June 30, 2017



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This management's discussion and analysis ("MD&A") contains certain forward-looking statements that are prospective and reflect management's expectations regarding Sanatana Resources Inc.'s ("Sanatana" or the "Company") future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included in this MD&A including without limitation, statements regarding potential mineralization and resources or reserves, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, exploration results and future plans and objectives of Sanatana are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Sanatana's expectations are disclosed in its documents filed from time to time with the TSX Venture Exchange (the "TSX-V") and other regulatory authorities and include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors.

Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Sanatana undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Introduction

This MD&A was prepared as of August 25, 2017 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the period ended June 30, 2017 and the Company's audited financial statements and related notes for the year ended March 31, 2017. This MD&A is intended to provide the reader with a review of the Company's performance for the period ended June 30, 2017 and through to the date of this report, and the factors reasonably expected to impact future operations and results. This MD&A contains forward-looking statements that are subject to risk factors set out above.

The Company's financial statements for the period ended June 30, 2017 have been prepared in accordance IAS 34 – *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

All financial statement amounts in this MD&A are in Canadian dollars unless otherwise noted.

Incorporation and Listing Information

Sanatana was incorporated under the British Columbia *Business Companies Act* on June 25, 2004. In November 2005, the Company became a reporting issuer in every province and territory of Canada, except Quebec. The Company's common shares trade on the TSX-V as a mining exploration and development company under the symbol STA.

Operating Report

The Company is an exploration stage company and is engaged in the acquisition, exploration and development of exploration and evaluation assets. The Company is focused on the Jackfish gold property in Ontario.

Sanatana's exploration programs are carried out under the supervision of the Company's vice president of exploration, Buddy Doyle, and exploration manager, Troy Gill. Mr. Gill meets the qualified person requirements of NI 43-101 and is responsible for the geoscientific and technical disclosure contained in this document.

Corporate Developments

- In June 2017, the Company received TSX-V approval for the Jackfish gold property option in Ontario. See *Jackfish Property* below.
- On August 2, 2017, Sanatana's board of directors appointed Tim Barry to the board (see *Board Appointment* below).

Board Appointment

In August 2017, Sanatana's board of directors appointed Tim Barry to the board. Mr. Barry is the president and CEO of Silver Bull Resources, Inc. Between September 2010 to March 2011, Mr. Barry served as vice-president of exploration for Metalline Mining (now Silver Bull Resources), before stepping into the role of president and CEO in April 2011. Previously, he held the position of chief geologist for Dome Ventures Corporation, a publically traded company on the Toronto Stock Exchange working on projects in Africa. Mr. Barry has over 15 years of exploration and management experience and has worked as a consulting geologist and manager on projects in Canada, Mexico, Australia, New Zealand, Mongolia and West and Central Africa. Mr. Barry is a Chartered Professional Geologist (CPAusIMM) and holds a BSc in Geology from the University of Otago in New Zealand.

Jackfish Property

Overview

In February 2017, the Company entered into three option agreements that allow Sanatana to acquire a 100% contiguous interest in the Jackfish property, located in Ontario (the "Jackfish Property"). The transaction was approved by the TSX-V in June 2017.

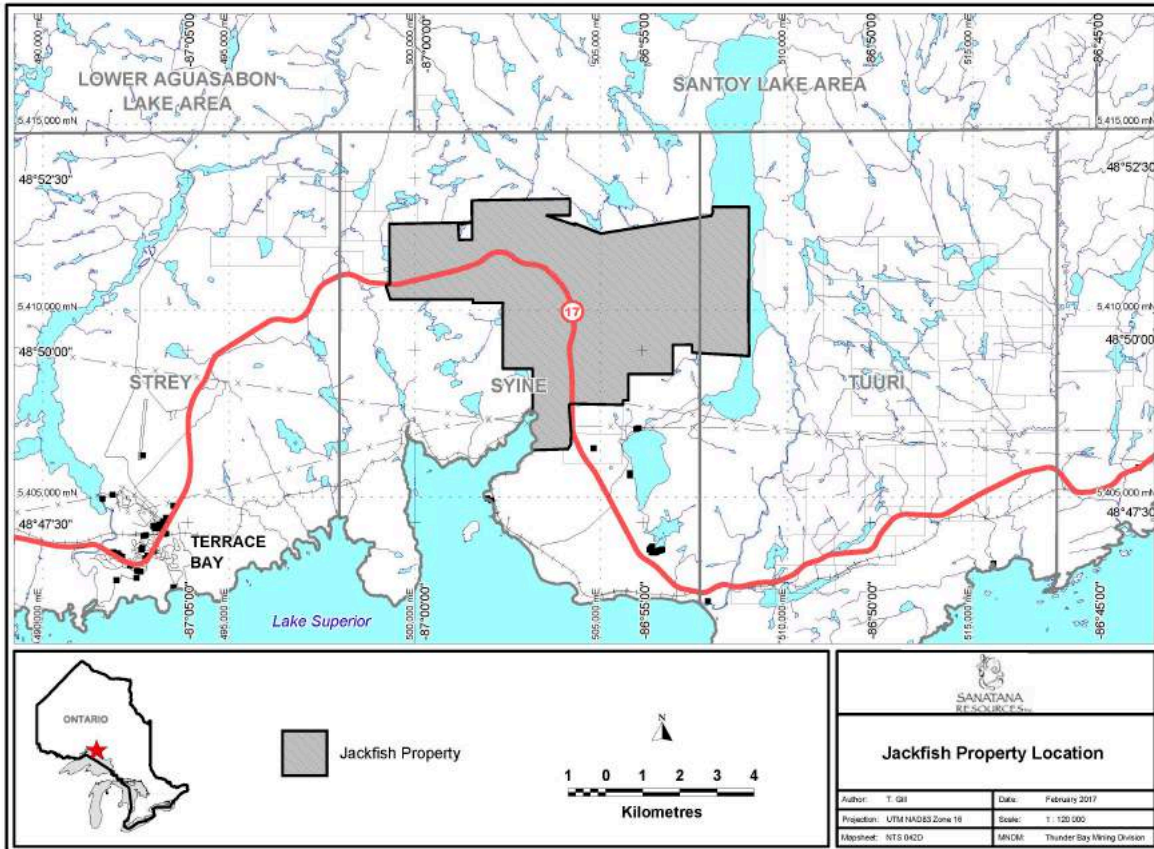
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Jackfish Property Description

The Jackfish Property is located on the northern shores of Lake Superior, 20 km east of Terrace Bay via Highway 17, Ontario and comprises 34 mining claims covering 3,664 hectares (9,054 acres).

Map of the Jackfish Property Location:

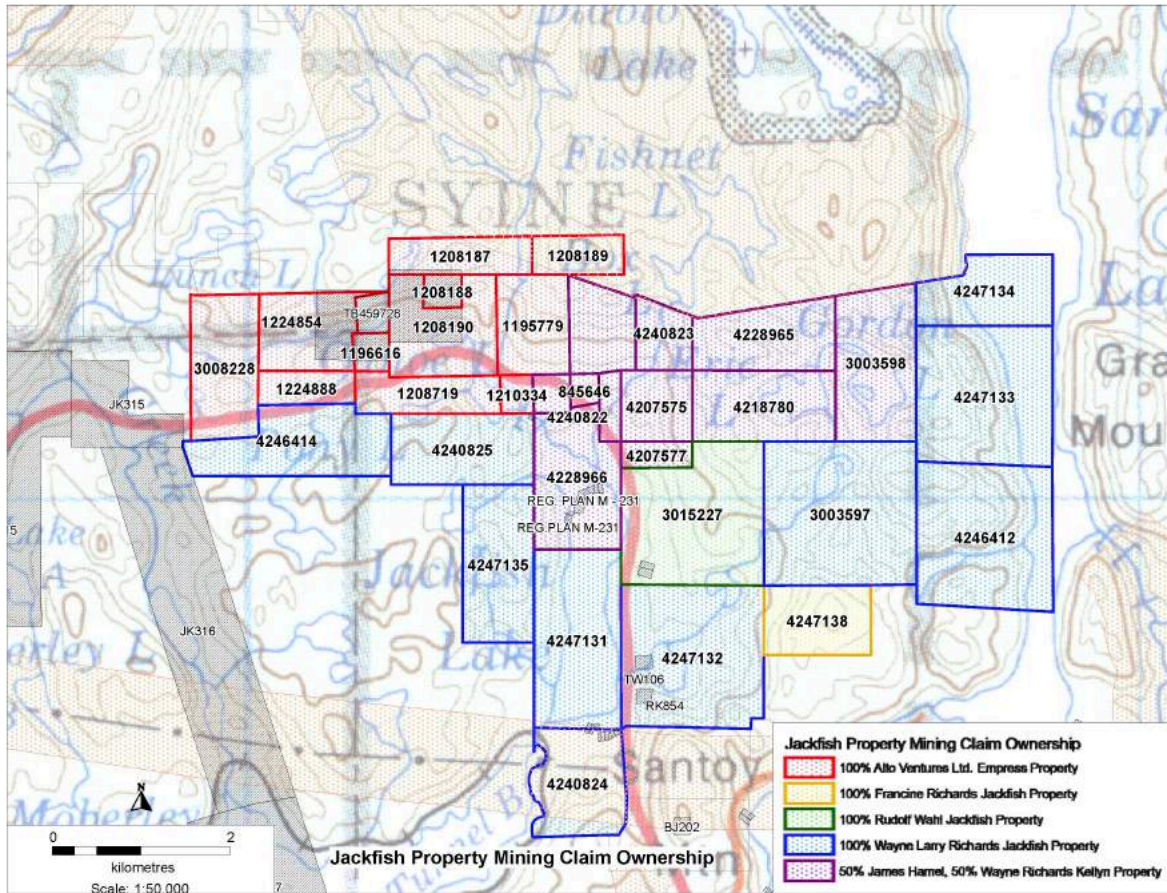


The Jackfish Property is a consolidation of three separately owned groups of mining claims through option agreements with another junior exploration company Alto Ventures Ltd. ("Alto"), an individual prospector Rudy Wahl ("Wahl") and a group of prospectors (referred to as "Richards et al" for convenience).

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Map of the Jackfish Property Mining Claims by Ownership:



Geologically, the Jackfish Property lies within the Wawa subprovince of the Superior province of the Canadian Shield, specifically the metavolcano-sedimentary Schreiber-Hemlo greenstone belt. The belt is known for its namesake Hemlo gold operations (Barrick Gold Corporation) and, although similar geological and structural targets analogous to Hemlo exist in the greenstone rocks of the northern parts of the Jackfish Property, the focus is an area containing high-grade gold bearing veins within the granitic rocks on the eastern margin of the Terrace Bay Batholith, that underlie the Jackfish Property. There is also an interesting copper-in-soil anomaly located on the north-eastern part of the Jackfish Property.

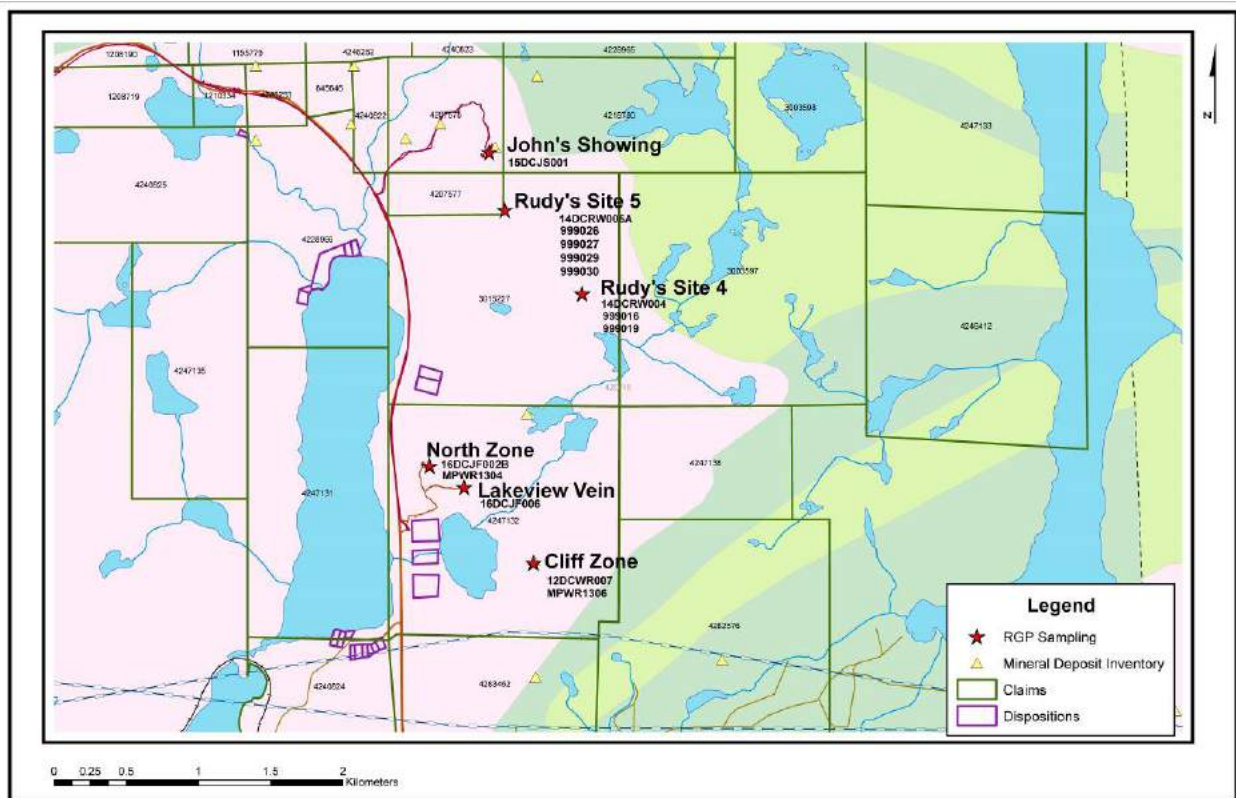
The following table shows the best gold assay results achieved by the OGS in its grab sampling program over a four-year period and the below map shows the location of the grab samples. Note that grab samples are selective by nature and do not represent intervals of mineralization hosted on the Jackfish Property.

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Table of Best Gold Assay Results from OGS Grab Samples:

Sample ID	Au (g/t)	Location
16DCJF002B	34.71	North Zone
MPWR1304	2.38	North Zone
12DCWR007	43.89	Cliff Zone
MPWR1306	27.77	Cliff Zone
16DCJF006	4.73	Lakeview Vein
15DCJS001	0.98	John's Showing
999016	6.05	Rudy's Site 4
999019	12.32	Rudy's Site 4
14DCRW004	1.71	Rudy's Site 4
999026	12.63	Rudy's Site 5
999027	16.56	Rudy's Site 5
999029	38.96	Rudy's Site 5
999030	9.37	Rudy's Site 5
14DCRW005A	9.02	Rudy's Site 5

Map of Location of the Grab Samples:



Exploration Target Rationale

The exploration potential of the Jackfish Property derives from the number of isolated gold occurrences that have been identified to date simply by prospecting the outcrops and the high-grade gold values that have been returned from sampling these showings, as confirmed by the OGS grab sample results.

The Jackfish Property setting was thought to be analogous with a similar style of quartz veining within the Bourlamaque Batholith, Val d'Or, Quebec, where gold mineralization occurs in en-echelon (stacked) quartz veins associated with shear zones cutting through the granitic intrusive. This style of mineralization poses targets of moderate to high grade gold in the range of 5 to 9 g/t Au with modest contained ounces in the hundreds of thousands of ounces to one or two-million-ounce range. Knowledge about breccia hosted and fracture controlled gold mineralization within granitic intrusive bodies, acquired from the Company's work at its previously held Watershed project, offers potential for larger tonnage and contained gold ounces targets within the Terrace Bay Batholith.

Current Activities

The Company engaged Ronacher Mackenzie Geoscience to compile an NI 43-101 Technical Report on the Jackfish Property which it filed in June 2017. This report is available on SEDAR.

Having made the first option payments, Sanatana has initiated an exploration program on the Wahl ground for which the Company has an Exploration Permit. The program's objective is to thoroughly test the gold tenor of the known occurrences and delineate links between the isolated occurrences. Work completed so far includes outcrop stripping, rock channel cutting and sampling of previously discovered high-grade gold showings as well as a ground VLF – EM survey over the same area. The Company has submitted rock samples to Actlabs in Thunder Bay and assay results are pending. Conductivity anomalies arising out of the VLF survey have been prospected in the field, although no outcrop was observed at the locations to help explain the anomalies. The Company continues to undertake geochemical sampling of more showings and is planning an airborne magnetic survey utilizing a drone. The additional ground work will provide better defined drill targets and collar locations for a planned drill program.

The information above was prepared under the supervision of Troy Gill, BSc, MAIG, Exploration Manager for Sanatana. Mr. Gill is a Qualified Person for the purposes of *National Instrument 43-101 – Standards of Disclosure for Technical Projects* and has reviewed and approved the technical information disclosed in this MD&A.

Principal Agreement Terms

As discussed above, the option agreements allow Sanatana to acquire a 100% interest in the Jackfish Property from three vendor groups: (1) Alto; (2) Wahl; and (3) Richards et al. To earn a 100% interest in the Jackfish Property under the option agreements, Sanatana must, in aggregate:

- (a) Pay cash of \$375,000 over a 24-month period (\$125,000 paid to the date of this MD&A):

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	Alto	Wahl	Richards et al	Total
Effective Date	\$ 50,000	\$ 25,000	\$ 50,000	\$ 125,000
Within 12 months of Effective Date	75,000	25,000	50,000	150,000
Within 24 months of Effective Date	-	-	100,000	100,000
Total	\$ 125,000	\$ 50,000	\$ 200,000	\$ 375,000

- (b) Issue 10,500,000 of the Company's common shares over a 24-month period (3,000,000 shares issued to the date of this MD&A):

	Alto	Wahl	Richards et al	Total
Within ten days of Effective Date	1,000,000	1,000,000	1,000,000	3,000,000
Within 12 months of Effective Date	2,000,000	1,500,000	2,000,000	5,500,000
Within 24 months of Effective Date	-	-	2,000,000	2,000,000
Total	3,000,000	2,500,000	5,000,000	10,500,000

- (c) Reimburse exploration expenditures of \$20,000 on closing (paid).
- (d) Incur exploration expenditures of \$600,000 over a 24-month period, of which \$225,000 must be spent in the first 12 months.
- (e) Pay cash of \$1,000,000 to Richards et al following receipt of a positive feasibility study.
- (f) Pay net smelter return ("NSR") royalties on metals of 2% to Wahl and Richards et al, and a gross overriding royalty on diamonds of 2% to Wahl, all of which have an option to reduce these royalties to 1% for cash payments of \$1,000,000 to each party.
- (g) Pay an NSR royalty on metals of 1% to Alto, for which a 2% NSR royalty already exists in a previous assignment agreement and which royalty has an option to be reduced to 1% for cash payment of \$1,000,000.
- (h) Pay an additional NSR royalty to Alto of 0.33%, to Wahl of 0.33% and to Richards et al of 0.34% on any new property acquired within the area of interest contemplated in the option agreements.

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Financial

Financial amounts in the narrative have been rounded to the nearest thousand dollars.

Selected Annual and Quarterly Financial Data

The Company did not have any sales, discontinued operations, extraordinary items, cash dividends or long-term liabilities in the period under review. Material factors affecting operations and exploration and evaluation asset expenditures are described elsewhere in this MD&A.

Quarter Ended	Cash and Equivalents	Exploration and Evaluation Assets	Income (Loss) for the Quarter	Income (Loss) per Share ¹ (Basic and Diluted)
	\$	\$	\$	\$
September 30, 2015	8,391	4,686,683	(289,626)	(0.00)
December 31, 2015	2,484	2,190,954	(2,754,527)	(0.02)
March 31, 2016	1,160,283	-	(260,186)	(0.00)
June 30, 2016	950,545	-	(113,816)	(0.00)
September 30, 2016	838,708	-	(99,525)	(0.00)
December 31, 2016	716,866	-	(113,471)	(0.00)
March 31, 2017	1,169,614	-	(175,563)	(0.00)
June 30, 2017	785,655	275,346	(117,527)	(0.00)

¹ Sum of quarterly loss per share may not equal year-to-date amounts due to rounding.

The Company is an exploration stage company and has not generated any sales or revenues, nor has it had any extraordinary items or discontinued operations in the most recent eight fiscal quarters. As the Company is still in the exploration stage, variances in its quarterly losses are not affected by sales or production-related factors. Variances by quarter reflect overall exploration and corporate activity and certain factors that may not recur each quarter. Significant variations from the normal level of operating loss include:

- September 30, 2015 – The Company incurred \$138,000 in reclamation costs on a former exploration property in excess of the reclamation provision previously recorded.
- December 31, 2015 – The Company recorded a \$2,542,000 impairment provision against the Watershed Property.
- March 31, 2016 – The Company completed the sale of the Watershed Property and fully impaired the carrying value of the Green Lake property.
- March 31, 2017 – The Company incurred exploration expenses large offset by a gain on the settlement of liabilities at less than their face value.

Results of Operations for the Year

The principal factors necessary to understand the Company's results of operations are:

- Exploration expenses represent amounts spent on analysis of Jackfish data and exploration planning prior to receipt of TSX-V approval.

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- Investor relations expenses relate to investor communications, including maintaining and updating the website and disseminating news releases.
- Management fees and salaries represent amounts paid to officers, employees and contractors and related benefits, net of amounts capitalized to exploration and evaluation assets or allocated to exploration or property investigation costs. Fiscal 2017 includes a relatively high proportion of Sanatana's exploration manager's salary as the Company did not have an active project.
- Professional fees are amounts due to lawyers and auditors.
- Rent relates to the Company's office premises and a storage locker. The Company reduced its office space in stages through fiscal 2016 and 2017, with the result that rent expense declined. The Company has now leased office space and this expense will increase in future periods.
- Travel and accommodation represents the cost for management travel to Sanatana's exploration and evaluation assets and for corporate development activities. Travel and accommodation expense fluctuates significantly from period to period depending on the initiatives under way.
- Other expense in the prior period represents adjustments to an obligation to issue shares to a former director as part of a settlement.

Changes in Financial Position

Changes in the Company's financial position since its March 31, 2017 year end primarily relate to expenditures of cash on administration, and to cash payments and share issuances on closing the Jackfish option transaction (see *Jackfish Property* above).

Liquidity

At March 31, 2017, the Company had cash and cash equivalents of \$1,170,000 and working capital of \$880,000. Cash on hand is sufficient to fund about five months of activities; specific factors affecting the Company's liquidity are

- To fulfill its commitment under the March 2017 flow-through financing, the Company must expend \$506,000 on mineral exploration before December 31, 2018.
- The Company has option payment and exploration obligations relating to the Jackfish property, as detailed above.
- The Company has a premises lease obligation until December 2018.

In the longer term, Sanatana expects to address its funding needs through private placements but may not be able to do so on acceptable terms or at all. If the Company's share price improves, warrant holders may exercise their share purchase warrants, but there can be no assurance that they will do so.

Related Party Transactions

At March 31, 2017, the Company had four employees and arrangements with contractors to provide certain administrative, accounting and management services. In addition, certain directors, officers and significant shareholders provide management and consulting services to the Company.

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The Company has entered into change-of-control agreements with its directors, officers and employees. These agreements provide that in the event of a change of control, as defined, directors and officers of the company may be eligible to receive termination payments within 12 months of the change of control if they resign or are terminated. The amounts potentially payable are: Buddy Doyle \$144,000; and Simon Anderson \$135,000. In addition, other employees would be eligible to receive up to an aggregate of \$234,000. The change of control agreements confirm that unvested stock options vest immediately on a change of control.

Critical Accounting Estimates

The Company's policy is to capitalize exploration and evaluation costs in certain circumstances. There can be uncertainty as to the value of those carrying costs and in title in the underlying assets.

The Company has losses carried forward which should be available to offset any likely taxable income, but flow-through accounting requires estimates of tax effects that could be material.

Share-based payment transactions such as options are subject to assumptions which can have a material bearing on the recorded expense.

Financial Instruments

Sanatana does not have any financial instruments that are likely to be settled for other than face value, so the risk to the business from financial instruments is low.

Share Capital

The Company had 138,479,834 and 135,479,834 common shares issued and outstanding at June 30, 2017 and at March 31, 2017 respectively.

Share Option Plan

Plan Description

The Company has a rolling share option plan that provides an incentive to directors, officers, employees, management and others who provide services to the Company. Under the option plan, a maximum of 10% of the issued and outstanding common shares at the time an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the option plan, are reserved for options to be granted at the discretion of the board to eligible optionees.

Options granted under the option plan are non-assignable and non-transferable and are issuable for a period of up to ten years. In the case of employment or other contracting arrangements of a director, officer, employee or consultant of the Company being terminated, the options will immediately terminate without right to exercise. The board of directors of the Company determines the exercise price, which may be no less than the discounted market price, as defined in the option plan, at the day of grant. The Company's shareholders re-approved the plan in December 2016.

Option Grants, Forfeitures and Expiry

In June 2017, options to purchase up to 2,550,000 common shares expired unexercised.

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Dividends

The Company has not paid any dividends in the past and does not expect to pay any dividends in the near future.

Outstanding Share Information

As of the date of this MD&A, the Company had the following securities issued and outstanding:

- 138,479,834 common shares;
- 14,590,000 warrants to purchase common shares; and
- 2,000,000 stock options.

Fully diluted share capital is therefore 155,069,834 common shares. The Company has entered into option agreements which could result in the issuance of a further 7,500,000 common shares (see *Jackfish Property*).

Risks and Uncertainties

Sanatana's business of mineral resource exploration involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future; Sanatana's common shares should therefore be considered speculative.

Capital Markets and Economic Uncertainty

Sanatana will have to raise additional funds to completely exercise the Jackfish property options and develop the property, even if it were to find an economic mineral resource. The Company's business plan currently relies on obtaining funding through offerings of its equity.

Nature of Mineral Exploration and Development Projects

The business of mineral exploration involves a high degree of risk. Few of the properties that are explored are ultimately developed into mines. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

Mineral exploration is subject to risks which could result in damage to life or property or the environment. The Company's business is subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment or machinery, labour disputes, or adverse weather conditions. Although the Company maintains insurance to cover normal business risks, the availability of insurance for many of the hazards and risks is extremely limited or uneconomical at this time. Through high operating standards, Sanatana works to reduce these risks.

In the event the Company is fortunate enough to discover a sizable deposit, the economics of commercial production depend on many factors, including the cost of operations, the size, quantity and quality of ore concentration of gold, proximity to infrastructure, financing costs and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

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The profitability of the Company's operations will be dependent on the market price of the resources it is seeking, currently gold and diamonds. Resource prices are affected by factors beyond the control of the Company, including international economic and political conditions, levels of supply and demand and international currency exchange rates.

Success in establishing reserves is the result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration, the availability of suitable contractors and other factors. If mineralization is discovered, the initial phases of drilling may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves through drilling, to determine the optimal metallurgical process and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

Conflicts of Interest

Certain of the Company's directors, officers and significant shareholders are or may become shareholders, directors or officers of other natural resource companies, and, to the extent that such other companies may participate in ventures with the Company, these individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or of its terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors or officers may have a conflict.

From time to time, the Company, together with several other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting the Company to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. The Company may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other company or companies.

In accordance with the laws of the province of British Columbia, the directors are required to act honestly and in good faith with a view to furthering the best interest of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed, and the financial position of the Company at that time.

Additional information is available at the Company's website at www.sanatanaresources.com. For all regulatory filings including news releases, please refer to the Company's profile on www.sedar.com.